



# City of Milwaukee

## Meeting Minutes

### MILWAUKEE HOUSING TRUST FUND OPERATIONAL CRITERIA SUBCOMMITTEE

**BETHANY SANCHEZ, CHAIR**

**Tony Perez and Brian Peters**

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**Thursday, March 16, 2006**

**9:00 AM**

**Room 301-C, City Hall**

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*Meeting convened: 9:05 A.M.*

*Members present: Bethany Sanchez and Brian Peters*

*Members excused: Tony Perez*

*Also present: Una Van Duvall - Dept. of City Development, Bobbi Marsells - Housing Authority, Jared Erdman - Legislative Assistant to Ald. Murphy, Garry Werra - Community Block Grant Administration, Stephen Adams - Community Development Management Partnerships, Marne Stuck - Greater Milwaukee Association of Realtors, Marianne Walsh and Emma Stamps - Legislative Reference Bureau and Heather Dummer Combs - member of the Milwaukee Housing Trust Fund Task Force*

#### **1. Selection of Chair and Vice-Chair**

*Ms. Sanchez was unanimously elected Chair. A number of individuals present believed that Mr. Tom Capp was also a member of this Subcommittee. When Ms. Elmer re-listened to the tape of the Milwaukee Housing Trust Fund Task Force meeting of February 27th, he was not noted as being a member of this Subcommittee. The election of a Vice-Chair will be scheduled for the next meeting.*

#### **2. Discussion of selection of eligible recipients of Housing Trust Fund funds**

*Ms. Sanchez provided those present with a copy of a document titled, "Milwaukee's Housing Trust Fund Proposal" (Exhibit 1) which was created by the Milwaukee Housing Trust Fund Coalition as its vision of how trust fund dollars could be distributed. This document was used as a starting point for discussion by Subcommittee members. Ms. Elmer will contact Amy Murphy in the Health Department related to its Healthy Homes initiative and how much money is used for lead abatement/housing efforts as part of that program. Mr. Adams questioned if anyone present knew of the number of substandard units in the City. Mr. Erdman noted that the Department of Neighborhood Services (DNS) has a record of building code violations for individual units. Ms. Elmer will contact DNS to see if any data can be obtained that would be useful to this body. Mr. Adams will also obtain the federal definition of "substandard housing".*

*Ms. Van Duvall expressed concerns that the funds should be distributed through an application process for work to be performed under trust fund direction. Mr. Adams was also supportive of an application process. Individuals present were supportive of using*

*this money as a complement to existing funds. It was noted that individuals, if private developers, could be eligible to receive funds if they also agree to affordability restrictions and certification.*

*Ms. Sanchez mentioned having a capacity-building component as part of the Milwaukee housing trust fund. This would fund the training and operations of non-profit organizations and developers to who would access these funds for developing affordable housing. Ms. Elmer will contact the Wisconsin Housing and Economic Development Authority to obtain the amount of tax credits that the City has received from that authority. Drawing upon her experience with San Diego, Ms. Sanchez mentioned that this city's trust fund has a capacity-building function in regards to non-profit organizations. These can be organizations that are currently in the affordable housing arena or those that which to enter it. Non-profits in San Diego must have been in existence a minimum of 3 years in order to qualify to receive funds.*

*Ms. Van Duvall expressed an interest in having trust fund dollars be used for the best and highest use, meaning that there are lots of federal programs that are restrictive and trust funds should be used for projects which wouldn't meet these restrictions. This would leave more federal funds to be used for the poorest of the poor. Ms. Sanchez also noted that when Neighborhood Improvement Programs (NIPs) use federal money, they are often required to overimprove the property as all building code violations need to be corrected, not just the work that a homeowner may wish to have done. Mr. Werra expressed concern that health and safety hazards may not be addressed if the whole building unit is not reviewed by the City or the corresponding agenda.*

*Mr. Werra suggested that the developments funded by the trust fund may function as a hybrid, using HOME, block grant and its own funds.*

*Ms. Sanchez endorsed increasing the term of affordability for recipients. Ms. Van Duvall noted that tax credit money and block grant funds are both 15 years and she supports keeping it at this length. Ms. Sanchez, however, feels that more low-income people can be served and that more housing will remain affordable with longer affordable terms. Ms. Van Duvall feared that lengthening the term would adversely affect development. Ms. Marsells noted that after 15 years, more money typically needs to be put into a unit to either replace existing features or rehab the property.*

*Mr. Peters said that revolving loans might return money to the fund and some projects might be granted forgivable loans. He also stated that he feels 15 years is also too short of a time and the fund needs to have sufficient money prior to looking at providing a building-capacity function. Ms. Marsells noted that administratively it would be easier if the terms of affordability were equal to existing terms, rather than having variable terms across projects.*

*Mr. Peters questioned if existing programs correlate income and property value. Mr. Werra noted that for new construction, an analysis is done of income and if the property is affordable for those who will be residing at that site; for existing properties, it is not. Once the home is sold, the city has no control as to whether that unit remains as affordable housing or not. Mr. Werra noted that there is an assumption of affordability for the NIP program in the block-grant target areas because housing prices are low in those areas, so it does address the desire to keep properties affordable, but in a roundabout way.*

*Ms. Sanchez mentioned that the group might want target some trust fund money to be used for gaps in current federal funding. Mr. Werra noted that a current gap is for individuals who are slightly above the 80% limit, even by a few dollars, who no longer are eligible for funds. Ms. Dummer Combs said that income guidelines from existing programs could also be used, which would leave the trust fund at the 80% level for homeownership/housing. Mr. Peters noted that the Housing Authority provides exceptions for long-term medical expenses or other long-term costs which, in practice, decrease one's income, which would result in looking at net income, rather than gross income. Ms. Marsells noted that there is a gap between rental housing, which is at 60% and public housing, which is at 80%, so as units are being converted this creates a problem. She supports going up to 80% with the trust funds. Ms. Sanchez pointed out that there is also a huge rental need at or below 50%, while Ms. Dummer Combs pointed out that she has seen the greatest need being at or below 30%. Mr. Peters will e-mail a report to Ms. Elmer about the cost burden of housing per household, who will then distribute it to members. Mr. Werra noted that if the goal of the trust fund is to complement existing programs, the 80% number would be better than a lower number.*

*Mr. Peters thought the tax credit was both 50% or 60%, depending on the development. Individuals present were not sure about this. Ms. Marsells noted that Section 8 housing is 60%.*

### **3. Discussion of ranking of selection of eligible recipients**

*This item was not discussed by the Subcommittee.*

#### **3a. Administration of a Housing Trust Fund**

*Ms. Sanchez distributed copies of "FAQs Regarding the Proposal for a City of Milwaukee Housing Trust Fund" (Exhibit 2) for members to review prior to the next meeting. She also distributed a copy of "San Diego Housing Trust Fund - FY04 Implementation Strategy - Funding Allocation Among Eligible Activities" for members' review and to function as a reference point that can be tailored to Milwaukee's needs.*

*Ms. Sanchez noted that this body will also need to decide which entity will administer the funds, whether it be Community Block Grant Administration (CBGA), the Housing Authority, another non-profit that is created, or some other entity. Mr. Werra noted that CBGA would be able to administer the funds, if asked to do so.*

*Ms. Sanchez also provided copies of a document titled, "Potential Uses of Housing Trust Funds Money" (Exhibit 4).*

*Mr. Peters said that CBGA is the most obvious place, but he is concerned that CBGA or the Common Council may use trust funds to replace reduced revenue in other areas. Mr. Peters feels that a non-profit organization might be able to avoid this dilemma. Others noted that if public money is used, the Council would still retain control. Mr. Erdman noted that the political work would need to be done to ensure that these funds are not diverted to other uses. Ms. Marsells noted that the Housing Authority is not interested in administration of these funds. The Housing Authority could also be a potential recipient of these funds, which would result in a conflict of interest if these funds were administered by the Housing Authority. The Department of City Development (DCD) is very interested in the best use of the money, but it is still too early to say if DCD is interested in administering these funds, although the department is interested in*

*streamlining any administration of these funds.*

*Mr. Adams noted that a good use of these funds would be to leverage these funds into greater funds and possibly have bonding authority for the trust fund. Ms. Sanchez would like to see a leveraging aspect to any applications or extra credit being given on applications which have a leveraging aspect. The trust funds would exist as one component of a development, rather than being the sole source of funds for a development. The San Diego trust fund was able to leverage \$8 for every \$1 spent, while Ms. Dummer Combs believed that the national average is \$5 for every \$1 spent, but Ms. Sanchez thought that might be the lower end.*

#### **4. Set next meeting date and agenda**

*The next meeting will be either April 4 at 9 a.m. or March 30th at 9 a.m., depending on Tom Capp's schedule.*

*Meeting adjourned: 10:40 A.M.*

*Linda M. Elmer  
Staff Assistant*